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FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS

Financial report of the United Nations for the biennium ended 31 December 1989**

Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the United Nations for the biennium 1988-1989 ended 31 December 1989. The accounts reported on relate to all activities of the United Nations other than those special programmes whose activities are reported to the General Assembly by their executive heads. 1/ The accounts consist of 21 statements, supported by schedules, notes and annexes. They were transmitted to the Board of Auditors on 31 March 1990 in accordance with financial regulation 11.4.

2. This financial report is designed to be read in conjunction with the accounts, but it can also be considered alone. At the time of preparation of the present report, the audit of the financial statements had not been completed. Upon completion, the audited financial statements, together with the report of the Board of Auditors and the associated report of the Advisory Committee on Administrative and Budgetary Questions, will be submitted to the General Assembly at its forty-fifth session. In the interests of control and limitation of documentation,

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* A/45/50.

** The present document contains the financial report of the United Nations for the biennium ended 31 December 1989. The complete financial report and audited financial statements for the biennium ended 31 December 1989 and report of the Board of Auditors regarding the United Nations will be issued in final printed form as Official Records of the General Assembly, Forty-fifth Session, Supplement No. 5 (A/45/5), vol. I.

certain schedules relating to trust funds and to technical co-operation activities have been excluded from the accounts to be published. However, they have been provided to the Advisory Committee and to the Board of Auditors under separate cover and are available upon request.

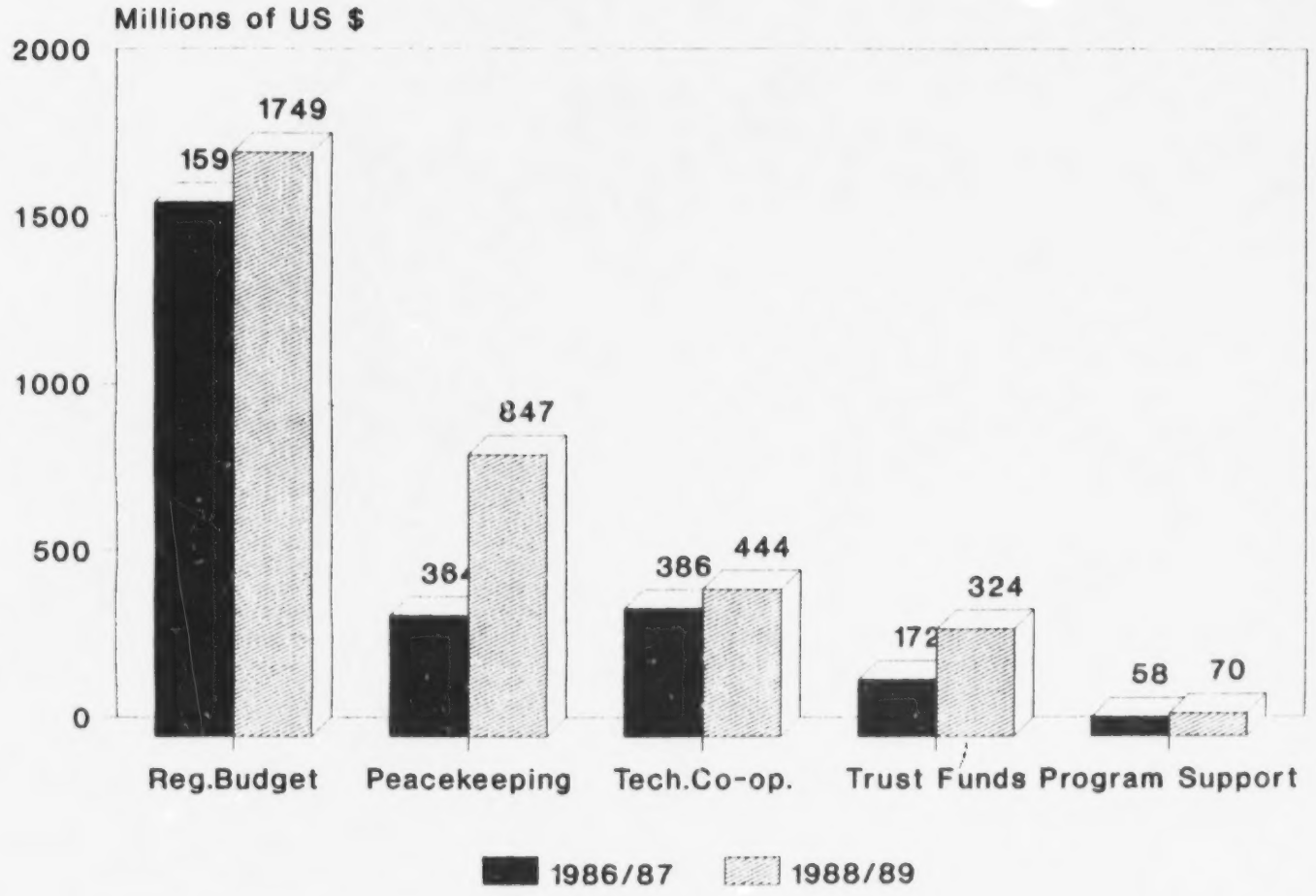
3. The present report summarizes the results of United Nations activities in the biennium 1988-1989 in financial terms. After a brief overview of the activities of the organization as a whole, the remaining sections of the report provide financial information relating to the United Nations General Fund (paras. 10-16), peace-keeping operations (paras. 17-23), technical co-operation activities (para. 24), general trust fund activities (paras. 25-27), programme support (paras. 28 and 29) and funds held-in-trust (para. 30). Annexes I and III provide additional financial information, while annex II is a technical annex, which, inter alia, contains certain information required by the Financial Regulations to be reported to the General Assembly.

Overview

4. The profound financial crisis that has been affecting the United Nations for the past several years continued throughout the biennium 1988-1989. Special reports have been presented to the General Assembly at both its forty-third and forty-fourth sessions 2/ and further consideration of this problem is expected at the forty-fifth session. At the same time, the biennium 1988-1989 has been marked by a resurgence of United Nations activity in the field of peace-keeping. Four new peace-keeping operations (United Nations Iran-Iraq Military Observer Group (UNIIMOG), United Nations Angola Verification Mission (UNAVEM), United Nations Transition Assistance Group (UNTAG) and United Nations Observer Group in Central America (ONUCA)), each separately assessed on the membership of the Organization, were initiated during the biennium, bringing the number of such operations to six. In addition, under the regular budget, there was an increase in the number of special missions from two to four with the addition of the United Nations Good Offices Mission in Afghanistan and Pakistan (now renamed the Office of the Secretary-General in Afghanistan and Pakistan) and the United Nations Mission to verify the electoral process in Nicaragua. Thus, including the United Nations Peace-keeping Force in Cyprus, which is financed by voluntary contributions, there were, at the end of 1989, a total of 11 peace-keeping or special missions in the field, compared with only five at the start of the biennium on 1 January 1988. Total expenditure for peace-keeping amounted to $847 million in 1988-1989, compared with $364 million in the preceding biennium, an increase of 133 per cent. 3/

5. At the same time, the biennium 1988-1989 saw a significant increase in United Nations general trust fund activities and in technical co-operation activities. Expenditures under trust funds rose by nearly 90 per cent in the biennium, to a total of $324 million, primarily due to the activities of two large funds, the Afghanistan Emergency Trust Fund and the United Nations Fund for Drug Abuse Control. Technical co-operation expenditures also reached record levels in 1988-1989, amounting to $444 million, reflecting an increase of 15 per cent over the preceding biennium. Figure 1 below provides a comparison of overall expenditures in the last two bienniums, while figure 2 shows the respective shares, in percentage terms, of the various types of United Nations activity. From this, it may be seen that the regular budget accounts for barely 50 per cent of the activities of the United Nations proper, 4/ and that political and peace-keeping activities, with 31 per cent, have the largest share by major sector.

All funds



Expenditure comparison

Figure 1

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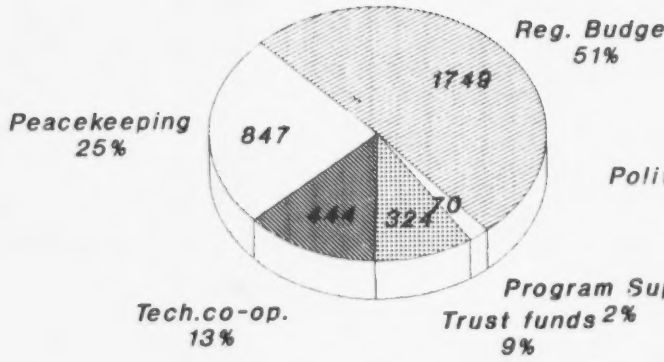
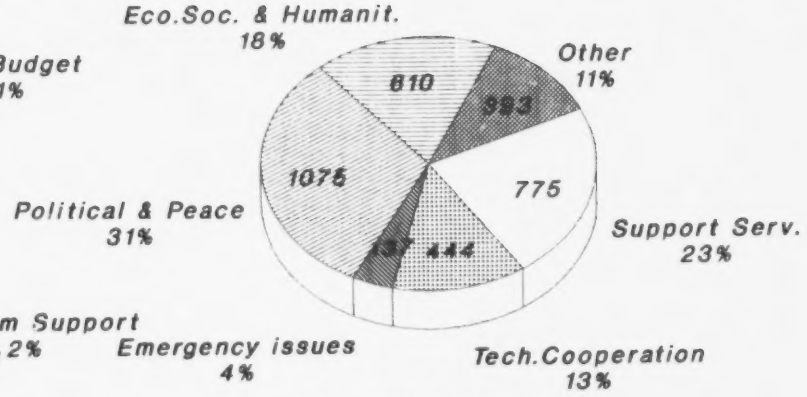
All funds

By fund source



By major sector



Expenditure 1988/1989
By fund source and major sector

Figure 2

6. In the context of increased United Nations activity, shortfalls in the receipt of contributions have caused operational difficulties. In the regular budget, unpaid assessed contributions rose from $353 million to $461 million over the biennium, an increase of 30 per cent, while unpaid assessed contributions to peace-keeping operations continue to be a cause for concern. At the end of 1989, unpaid contributions for the six active peace-keeping operations with separate assessed budgets amounted to $495 million. While receipts have kept ahead of disbursements in the new peace-keeping operations, and while encouraging signs of improved collection patterns are evident in respect of the United Nations Interim Force in Lebanon (UNIFIL) and the United Nations Disengagement Observer Force (UNDOF), the overall liquidity pattern of peace-keeping operations remains unsatisfactory, and shortfalls in the receipt of assessed contributions have necessarily had to be met by a continuation of the past practice of delaying reimbursements to troop-contributing States of amounts due to them in respect of their participation in the operations. This matter is referred to in greater detail in the section relating to the General Fund (paras. 10-16) and the section relating to peace-keeping operations (paras. 17-23).

7. Total cash balances as at 31 December 1989 were, in general, insufficient to meet unliquidated obligations and accounts payable in the General Fund, peace-keeping missions and technical co-operation activities, as may be seen from the following table:

	Cash balances	Obligations and payables
	(Millions of United States dollars)	
General Fund	(1.4)	92.9
Other General Fund-related funds	48.6	-
	47.2	92.9
Projects of a multi-year nature	18.9	0.4
Peace-keeping missions	342.1	533.7
Technical co-operation activities	110.4 a/	144.9
General trust funds	208.4	17.5
Programme support accounts	31.4	2.3
Funds held-in-trust	39.5	1.6

a/ Additional funds can be drawn down, as required, from UNDP and UNFPA.

8. The cash balances noted in the table represent operational cash both at Headquarters and at offices and projects away from Headquarters, as well as interest-bearing bank deposits, investments and letters of credit (see the table below). The negative balance in the General Fund relates to outstanding cheques that will be covered by transfers from interest-bearing accounts before they are presented for payment.

9. To complete this overview of United Nations finances as a whole, reference is made to annex I wherein may be found a summary statement of income and expenditure for the biennium 1988-1989 and a statement of assets and liabilities as at 31 December 1989. This statement gives an overall view of the Organization's activities. Because the United Nations adheres to the principle of fund accounting, there is no "total" column providing the aggregate balance of all of the funds. Each fund or group of funds placed together for the purpose of the statements exists for a specific and identifiable purpose, and each fund balance is available to be spent only for the designated purpose of the fund in question. Accordingly, it would be misleading to aggregate the columns, as it might erroneously imply that the Secretary-General has discretion to use the assets of one fund to meet the liabilities of another. There is a certain discretion in utilizing balances of the Working Capital Fund and the Special Account, which is discussed in further detail below, under the heading of the General Fund.

	Operational cash balances	Interest-bearing accounts	Letters of credit	Investments	Total
			(Millions of United States dollars)		
General Fund	(2.3)	0.9	-	-	(1.4)
Other General Fund-related funds	-	48.6	-	-	48.6
Multi-year projects	0.3	18.6	-	-	18.9
Peace-keeping missions	10.5	331.6	-	-	342.1
Technical co-operation activities	62.5	47.9	-	-	110.4
General trust funds	0.8	205.1	1.6	0.9	208.4
Programme support accounts	-	31.4	-	-	31.4
Funds held-in-trust	0.4	36.7	-	2.4	39.5

United Nations General Fund

10. The United Nations General Fund contains all regular budget income and expenditure, as well as the assets and liabilities of the Organization other than those specifically identified with other funds, such as trust funds. Statements I, II and III of the accounts 5/ show, respectively, the status of regular budget appropriations, a statement of income and expenditure and surplus and a statement of General Fund assets and liabilities. Closely related to the General Fund, but accounted for separately, are the United Nations Capital Assets Fund, a fund recording expenditures against projects of a multi-year nature (such as

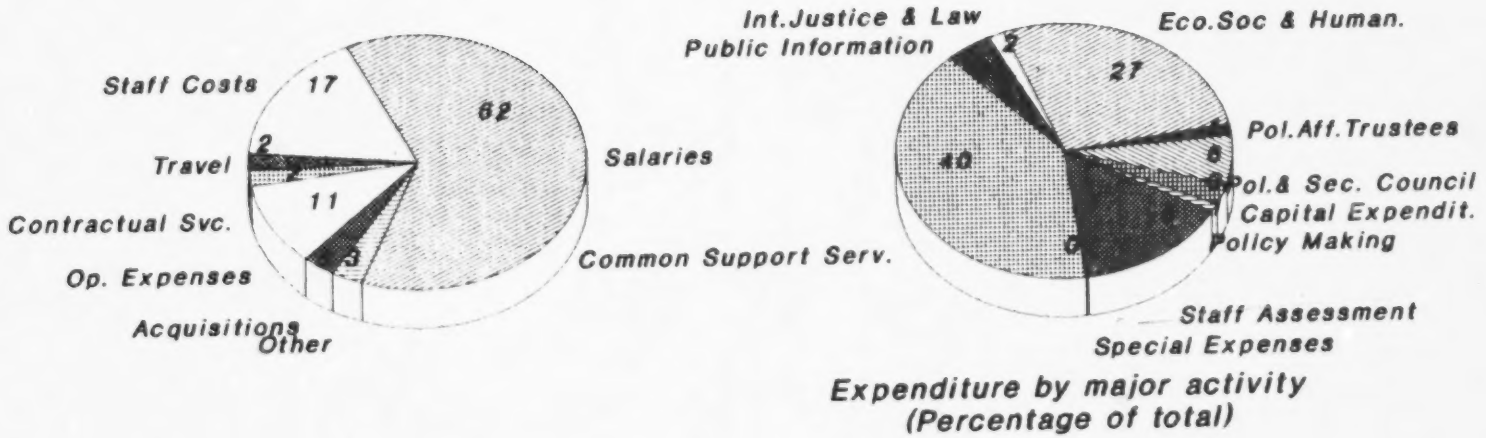
construction-in-progress), the United Nations Working Capital Fund, the United Nations Special Account, and the Special account for the sale of United Nations bonds (now fully repaid). Those funds are shown in statements IV to VIII of the accounts and are described in annex II below, which contains technical details in support of this report.

11. The regular budget for the biennium 1988-1989 totalled $1,772.3 million, as appropriated by the General Assembly in resolution 44/193 of 21 December 1989. Final expenditures against this total amounted to $1,748.7 million, leaving an unencumbered balance of $23.6 million, or 1.3 per cent of the total amount appropriated. The expenditure total is only 1.2 per cent greater than the amount appropriated for the biennium 1986-1987 ($1,727.8 million), notwithstanding the impact of currency changes and inflation since that time, estimated at 13.75 per cent. This demonstrates that significant economies were achieved by the Organization both in the context of the austerity measures taken in the biennium 1986-1987 and in the implementation of Assembly resolution 41/213. A report was submitted to the Advisory Committee early in 1990 containing explanations of significant differences between the final amounts appropriated for 1988-1989 at the forty-fourth session and the final expenditures. Based on that report, the Advisory Committee concurred in a request of the Secretary-General for certain transfers between sections of the programme budget so that no individual section would exceed its appropriated level. Those transfers are shown in statement I of the accounts. Schedule 1.1 shows expenditures by major programme and by object of expenditure. As in past years, the bulk of regular budget expenditure is for personnel costs. Figure 3 shows expenditures in 1988-1989 by object of expenditure and by major activity.

12. In addition to the savings made in regular budget expenditures, miscellaneous income was higher than expected by $2.5 million. This is demonstrated in statement II of the accounts, and its supporting schedules. The combined savings on expenditures and income will be available for offset against the assessments of Member States in 1991, unless the General Assembly takes action at its forty-fifth session to suspend certain financial regulations, as it has done in the past. The suspension of financial regulations concerning the distribution of budgetary surpluses has been one way in which the Organization has been able to offset shortfalls in cash receipts as a consequence of late payment or non-payment of assessed contributions by certain Member States.

13. Statement III contains a balance sheet showing the assets and liabilities of the General Fund as at 31 December 1989. Assessed contributions unpaid are shown in the balance sheet as assets irrespective of collectibility. Statement III shows that unpaid assessed contributions had reached such a high level at the end of 1989 ($461 million) that they far exceeded the amount of fund balance built up by budgetary savings over the years ($262 million). As a result, the General Fund has no cash, has exhausted the Working Capital Fund ($100 million) and is in debt to the Special Account by $71 million. Fortunately, the Special Account balance (made up of voluntary contributions from Member States and accrued interest thereon) now stands at over $120 million (as shown in statement VII). After deducting the loan already made to the General Fund, there remains a cash balance in the Special Account of $49 million. This cash, which represents sufficient funds for about three weeks of operations, comprises the only source of liquidity available to the Secretary-General with which to commence operations in 1990, pending receipt of assessed contributions in the biennium 1990-1991.

Regular budget



Expenditures 1988/1989 Total US$ 1749 Million
By major object and activity

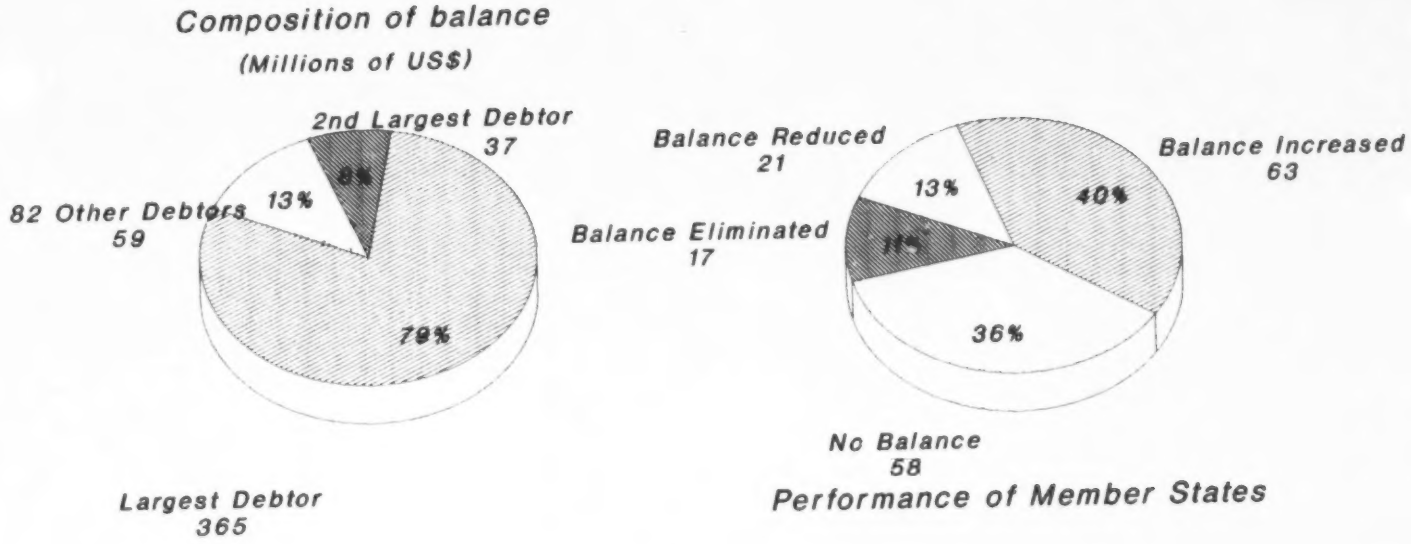
Figure 3

14. Despite the publicity given to the financial difficulties of the Organization, the balance of unpaid assessments increased in 1988 and 1989 by $108 million. Figure 4 shows the composition of the balance of unpaid assessments as at 31 December 1989. The figure also shows that while 38 Member States (24 per cent of the membership) reduced or eliminated their arrears during the biennium, 63 Member States (40 per cent of the membership) owed more money to the Organization at the end of the biennium than at the beginning. Only 58 Member States (36 per cent of the membership) were fully paid up at both the beginning and the end of the biennium.

15. The impact of the continuing failure of Member States to meet their financial obligations under the Charter may be seen in figure 5, which compares the amounts of unpaid assessments with the three main sources of funding - the Working Capital Fund, the Special Account and budgetary savings not yet returned to Member States. As may be seen, sizeable budgetary savings were made in the biennium 1986-1987, which helped to cover the unpaid assessments, but the situation is not as favourable at the end of 1989, and prospects for 1990 are bleak unless there is a significant improvement in the rate of collection of assessed contributions.

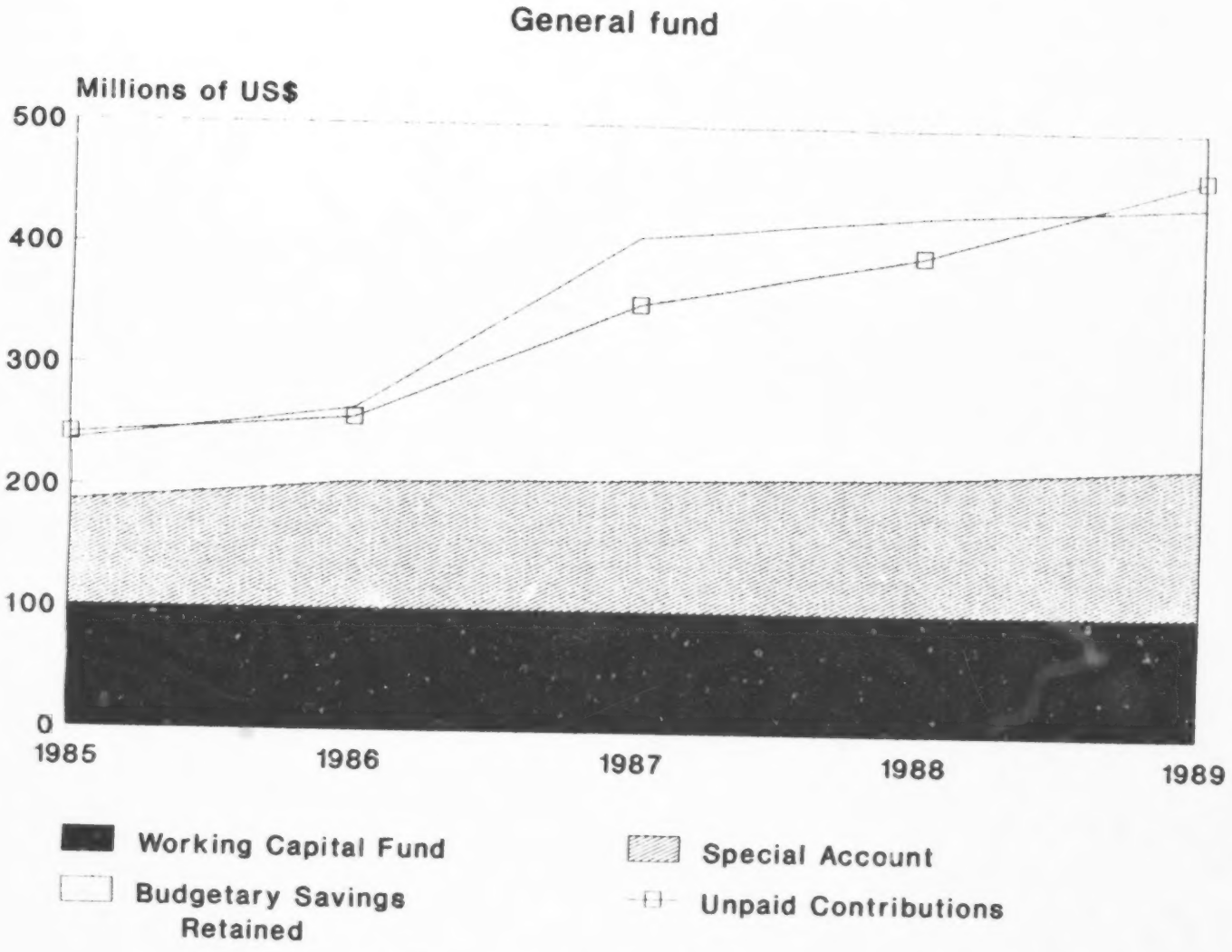
16. The deteriorating financial position is also demonstrated in annex III to the accounts, included as annex III below, which contains a statement of changes in financial position in the General Fund, Working Capital Fund and special accounts during the biennium, with comparative figures for the biennium 1986-1987.

Regular budget



Assessed contributions

Figure 4



Available funding compared with unpaid contributions Figure 5

Peace-keeping operations

17. The accounts record the financial position of nine peace-keeping operations outside the regular budget, two of which are no longer operational. Of the remaining seven, six are financed under a special scale of assessments and the seventh is paid for by voluntary contributions.

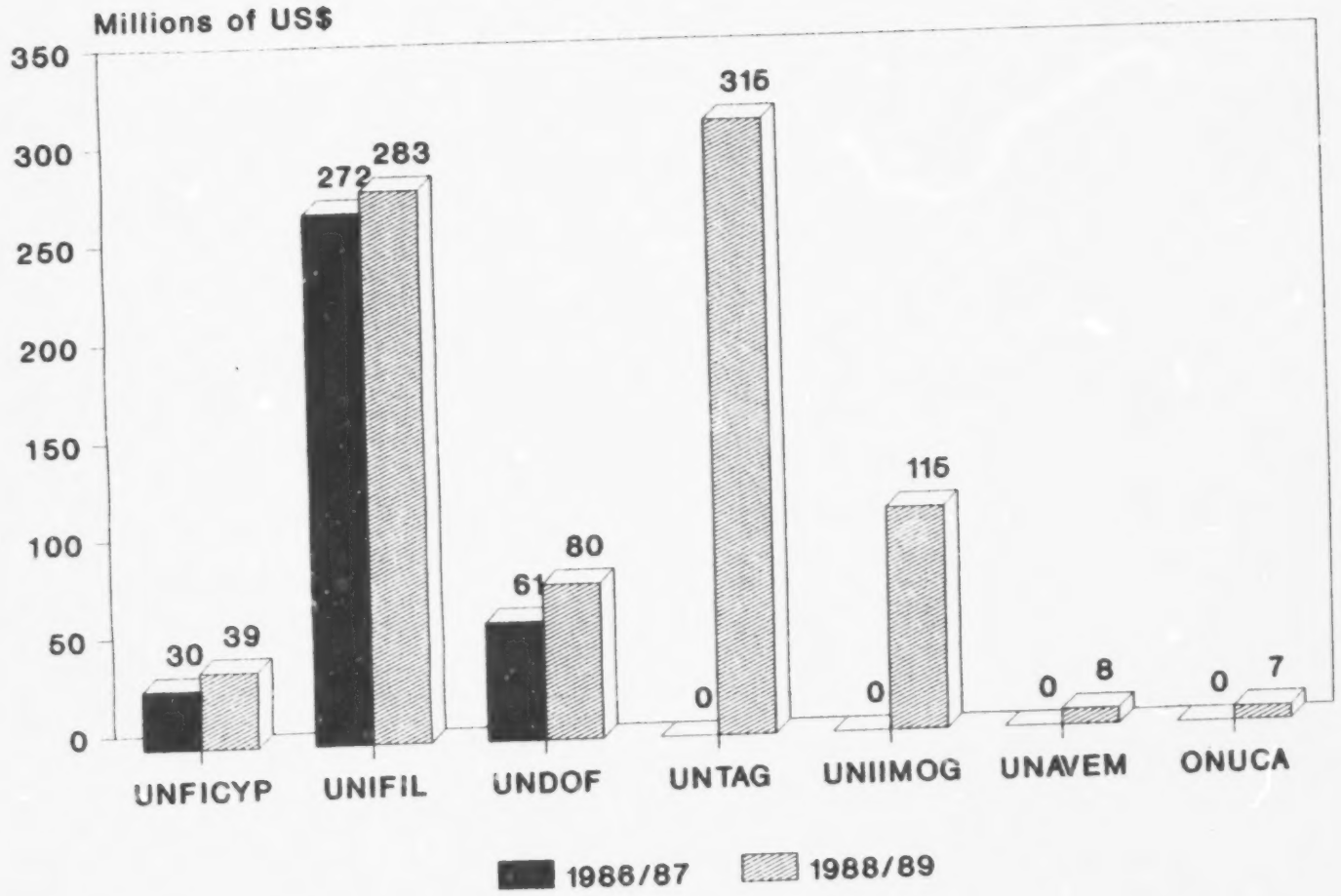
18. Those peace-keeping activities which are no longer operational are the United Nations Emergency Force (UNEF) (1956) and the United Nations Operation in the Congo (ONUC). Statements IX and XIII, respectively, and their supporting schedules record account balances for those operations at the end of 1989. The accounts of both operations remain open since certain liabilities incurred cannot be discharged as a result of the non-payment by certain Member States of the contributions assessed on them. The only changes in account balances refer to the revaluation at current rates of exchange of certain outstanding claims that are delineated in currencies other than the United States dollar.

19. In the table below, current assessed peace-keeping operations are summarized, showing their original Security Council mandate and their earliest and current General Assembly financing resolution:

Statement	Operation	Security Council mandate	Financing resolution	Creation date
X	United Nations Emergency Force (1973) combined with the United Nations Disengagement Observer Force (UNDOF)	340 (1973) 350 (1974)	3101 (XXVIII) 3211 (XXIX) 44/187	25 Oct. 73 31 May 74
XI	United Nations Interim Force in Lebanon (UNIFIL)	425 (1978)	S-8/2 44/188	19 Mar. 78
XII	United Nations Iran-Iraq Military Observer Group (UNIIMOG)	619 (1988)	42/233 44/192	9 Aug. 88
XIV	United Nations Angola Verification Mission (UNAVEM)	626 (1988)	43/231 44/190	3 Jan. 89
XV	United Nations Transition Assistance Group (UNTAG)	629 (1989)	43/232 44/191	1 Apr. 89
XVI	United Nations Observer Group in Central America (ONUCA)	644 (1989)	44/44	7 Nov. 89

20. Figure 6 below shows the costs of those peace-keeping operations in the bienniums 1986-1987 and 1988-1989. The impact of UNTAG may be clearly seen, the more so since it became operational only on 1 April 1989.

Peacekeeping operations



Expenditure comparison

Figure 6

21. Each peace-keeping operation has been affected by delayed payment of assessed contributions, and in certain instances Member States have indicated their intention not to participate in financing. However, there were encouraging signs during the biennium that led to the reduction of arrears in certain cases. A comparison of unpaid assessments to the active peace-keeping operations at 31 December 1989 and 31 December 1987 shows the following:

	1989	1987
	(Millions of United States dollars)	
UNEF (1973)/UNDOF	33.8	50.8
UNIFIL	317.8	311.7
UNIIMOG	22.4	-
UNAVEM	1.6	-
UNTAG	79.1	-
ONUCA	40.4	-
	495.1	362.5

In the table, it should be noted that UNEF(1973)/UNDOF arrears were significantly reduced during the biennium, and that the rate of increase in UNIFIL arrears was smaller than in previous years. In the case of UNTAG, the rate of collection was over 80 per cent of the assessment. Since disbursements have been made at a lower rate, relative to the budget, UNTAG has an adequate cash balance at the end of the biennium, although this will be needed to liquidate obligations and pay winding-up expenses in 1990. Unpaid assessments for ONUCA can be explained by the fact that the operation commenced only very late in 1989.

22. As a result of non-payment of assessments, particularly for the older peace-keeping missions, certain obligations to troop contributing countries could not be honoured and are recorded as accounts payable. In addition, the General Assembly has approved the temporary suspension of financial regulations 5.2(b), 5.2(d), 4.3 and 4.4 in respect of certain peace-keeping operations, thereby retaining in suspense amounts that would normally have been returned to Member States. Totals under these headings for UNEF(1973)/UNDOF and UNIFIL as at 31 December 1989 are:

	Accounts payable	Amounts held in suspense
	(Millions of United States dollars)	
UNEF(1973)/UNDOF	21.5	60.5
UNIFIL	256.0	54.1

23. The United Nations Peace-keeping Force in Cyprus (UNFICYP) is a special case inasmuch as it is financed by voluntary contributions. While the accounts (shown in statement XVII) reveal a modest fund balance on the basis of recorded obligations, a footnote to the statements points out that obligations recorded are limited to funds available, and indicates that an additional $170 million in

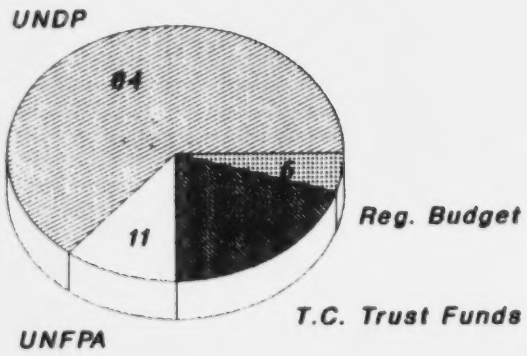
obligations could not be recorded at the end of 1989 due to lack of available funds. Unrecorded obligations increased by $13 million during the course of the biennium.

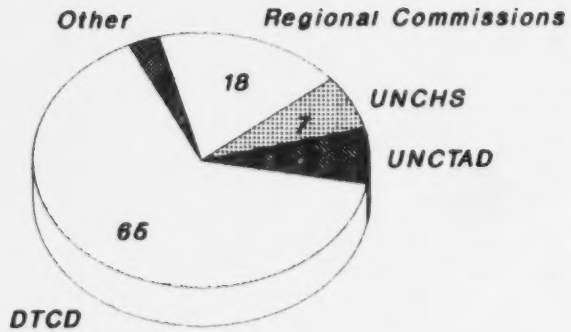
Technical co-operation activities

24. Statement XVIII records United Nations activities in the field of technical co-operation. About 75 per cent of all technical co-operation activity is financed by the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA), with the remainder being financed through technical co-operation trust funds and the regular budget (regular programme of technical co-operation). A supporting schedule gives details of financial activity in technical co-operation trust funds, and further details are available upon request concerning the utilization made by each office of regular programme and UNDP/UNFPA funds. Figure 7 shows technical co-operation expenditures by fund source and by administering location. Total expenditures on technical co-operation activities increased by 15 per cent during the biennium, most notably as a result of increase in activities funded by UNFPA.

Technical Co-operation activities

Expenditure by source of funds
(Percentage of total)





Expenditure by administrative location
(Percentage of total)

Expenditure 1988/1989 Total US$ 444 Million
By source of funds and location

Figure 7

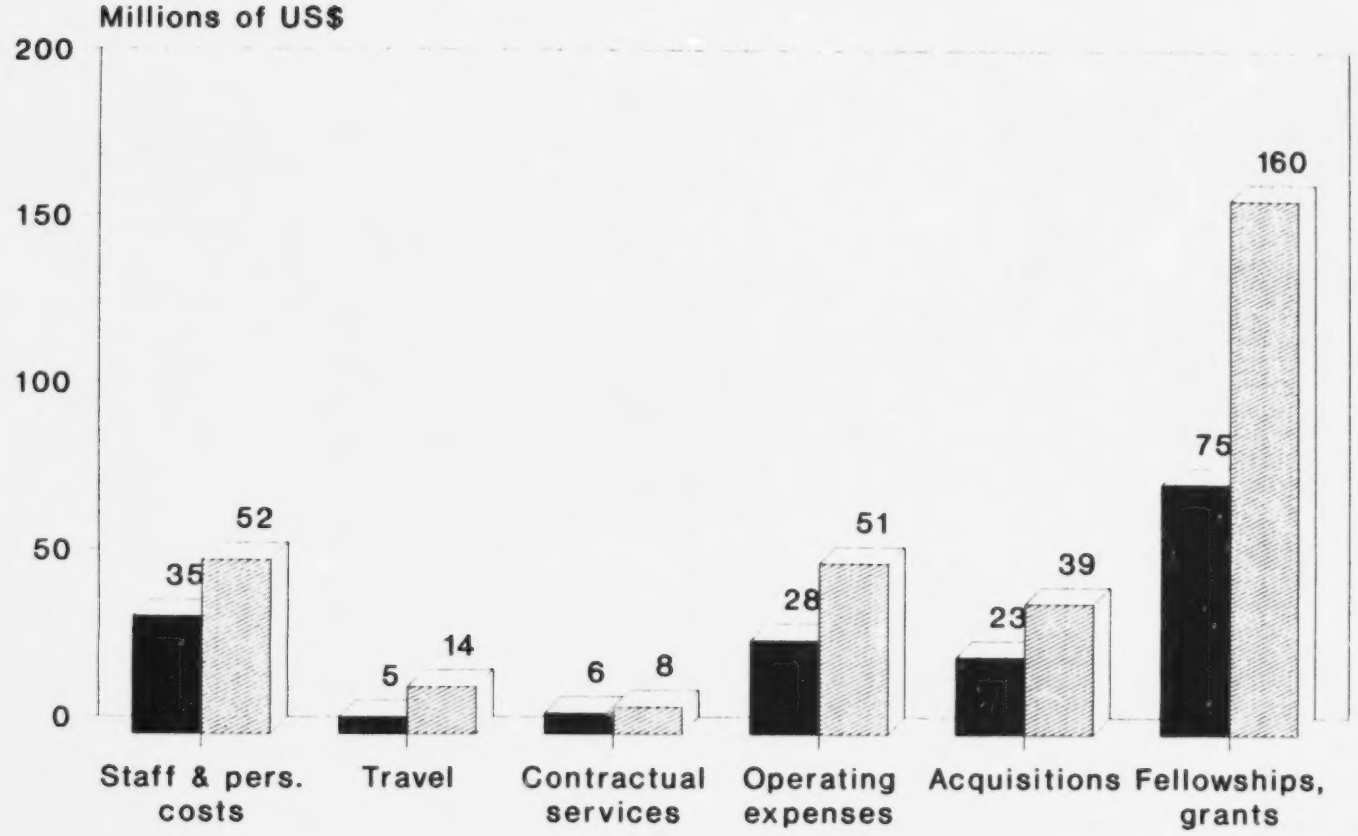
General trust fund activities

25. Statement XIX gives a consolidated summary of 113 general trust funds under the direct responsibility of the Secretary-General. Those trust funds have been established to support or supplement the substantive work programme of the Organization or to contribute to activities of humanitarian or relief assistance. Certain extrabudgetary activities are reported to the General Assembly (through the Board of Auditors) by their executive heads. These include the voluntary funds administered by the United Nations High Commissioner for Refugees, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the Fund of the United Nations Environment Programme and the Habitat and Human Settlements Foundation. None of those are included in the accounts of the United Nations.

26. The biennium 1988-1989 has shown a marked increase in trust fund activity, most notably in the fields of emergency assistance and economic and social activities. The total amount contributed to trust funds during the biennium was $454 million, of which $401 million was contributed by Governments. In terms of expenditures, the two largest trust funds were the Afghanistan Emergency Trust Fund ($88 million) and the United Nations Fund for Drug Abuse Control ($75 million). The Kampuchean Emergency Trust Fund ($48 million) and the Trust Fund for Disaster Relief Assistance ($36 million) were also very active. Details of those funds, as well as two other funds with income in excess of $10 million (the United Nations Educational and Training Programme for Southern Africa and the Trust Fund for the Institute for Namibia) are shown in a special schedule attached to the statement of trust funds. An internal document has been prepared that provides similar details of all United Nations general trust funds, together with a brief description of their origins and purposes. Copies of this document have been provided to the Board of Auditors and the Advisory Committee, and may be obtained from the Accounts Division, Office of Programme Planning, Budget and Finance.

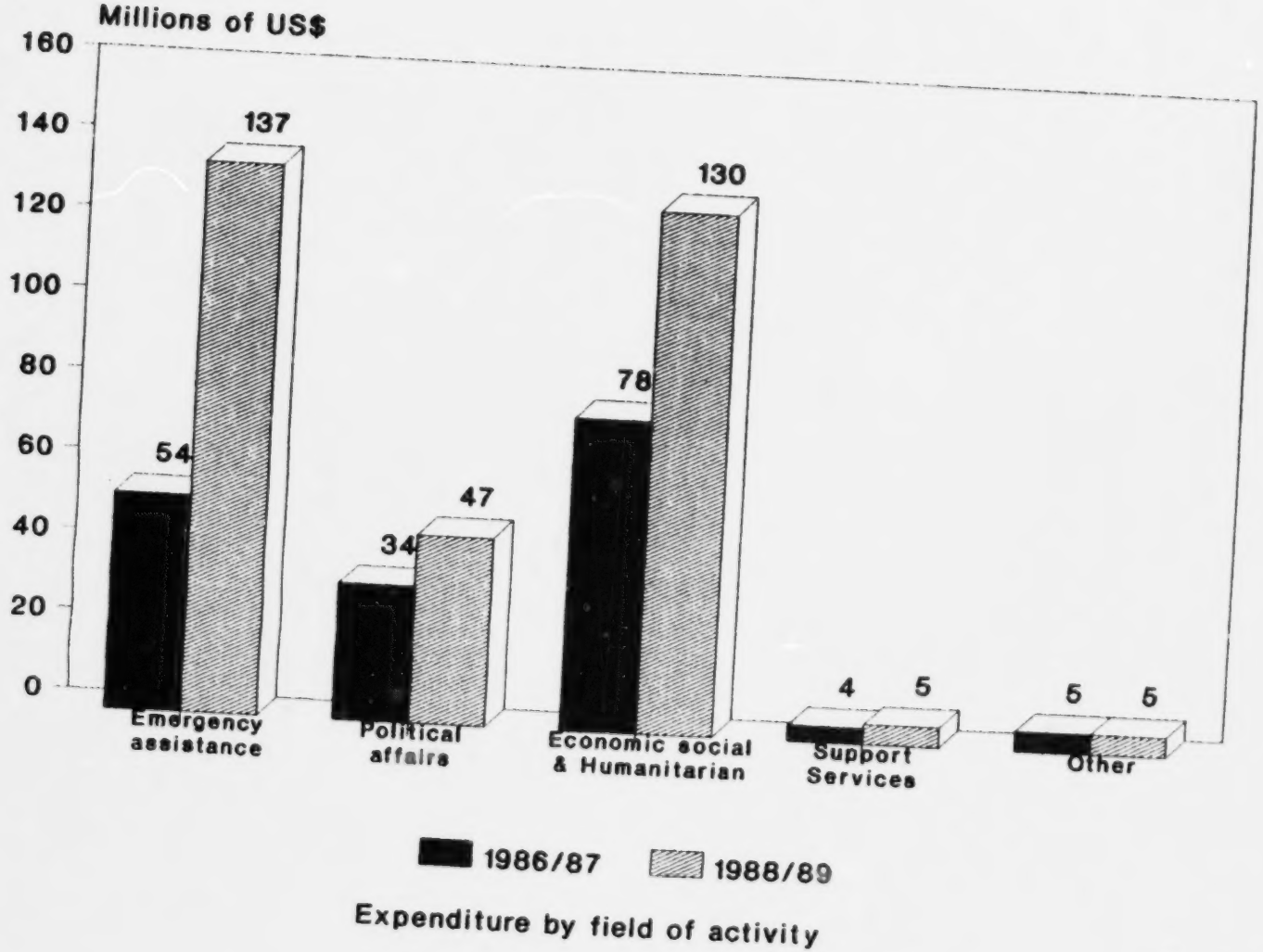
27. Figures 8 and 9 summarize trust fund expenditures in the bienniums 1986-1987 and 1988-1989 by object of expenditure and field of activity, respectively.

General trust funds



Expenditure by major object

Figure 8



Expenditure by field of activity

Figure 9

Special accounts for programme support costs

28. Programme support costs are sums earned by the United Nations for the performance of certain functions related to substantive and administrative support of technical co-operation activities and support of trust fund activities and administrative structures, such as UNDP and the United Nations Children's Fund. As the volume of extrabudgetary activities has grown, it has been necessary to strengthen supporting administrative services so as not to place an undue burden on the regular budget. Overall income for programme support costs may be summarized as follows:

	Amounts		Percentage	
	1988-1989	1986-1987	1988-1989	1986-1987
Technical co-operation	60.8	51.3	74.2	75.1
Administrative structures	18.4	15.3	22.5	22.4
General trust funds	2.7	1.7	3.3	2.5
	81.9	68.3	100.0	100.0

29. Statement XX records the activity in the programme support costs account, and supporting schedules give an accounting of programme support for technical co-operation activities by main office location.

Funds held-in-trust

30. Funds held-in-trust relate for the most part to various insurance and compensation reserve funds, including health and life insurance plans entered into by the Organization with staff participation. The reserves that have accumulated in those funds are being held to provide for rate stabilization and as a provision against future adverse experience. In view of their nature, those funds held-in-trust are not included in statements of total United Nations expenditures. They are accounted for in statement XXI.

Notes

1/ The accounts of the voluntary funds of the United Nations High Commissioner for Refugees, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the Fund of the United Nations Environment Programme, the Habitat and Human Settlements Foundation, the United Nations University and the United Nations Institute for Training and Research are each reported to the General Assembly by their respective executive heads. In addition, the International Trade Centre, a joint body of the United Nations and the General Agreement on Tariffs and Trade, is also reported separately.

2/ See documents A/C.5/43/29 and A/C.5/44/27 on the financial emergency and A/43/932 and A/44/857 and Corr.1 on the financial crisis.

3/ Certain figures in this report have been adjusted to avoid double counting. This is explained in annex II.

Notes (continued)

4/ As noted in footnote 1 above, reference to the United Nations proper excludes the voluntary funds of UNHCR, UNRWA, UNEP, Habitat, the United Nations University and the United Nations Institute for Training and Research.

5/ All statements and schedules will appear in the final printed version (Official Records of the General Assembly, Forty-fifth Session, Supplement No. 5 (A/45/5), vol. I).

ANNEX I

UNITED NATIONS - ALL FUNDS a/

I. Statement of income and expenditure for the biennium 1988-1989 ended 31 December 1989
(Millions of United States dollars)

	General Fund	Other General Fund related activities b/	Projects of a multi-year nature c/	Peace-keeping missions d/	Technical co-operation activities	General trust funds	Special accounts for programme support costs	Funds held in-trust
Income								
Appropriations	1 772.3 e/	-	-	1 062.6 e/	-	-	-	-
Pledged contributions	-	-	-	74.2	75.0	401.4	-	-
Allocations and subventions	-	-	-	-	448.2	14.1	74.6 g/	0.1
Other income	2.5 f/	18.6	3.5	39.5	8.6	38.6	7.3	49.2
Total income	1 774.8	18.6	3.5	1 176.3 g/	531.8 g/	454.1	81.9	49.3
Expenditure	1 748.7	-	-	915.3 g/	530.0 g/	331.7 g/	70.4	38.3
Excess of income over expenditure for the above period	26.1	18.6	3.5	261.0	1.8	122.4	11.5	11.0
Add: Adjustments for prior period	-	-	-	1.1	-	-	0.1	-
Net excess of income over expenditure	26.1 e/	18.6	3.5	262.1 e/	1.8	122.4	11.6	11.0

II. Statement of assets and liabilities as at 31 December 1989
(Millions of United States dollars)

Assets								
Cash	(1.4)	48.6	18.9	342.1	110.4	207.5	31.4	39.8
Investments	-	-	-	-	-	0.9	-	2.4
Contributions unpaid	461.1 e/	0.3	-	620.3 e/	5.1	124.9	-	-
Accounts receivable	41.8	0.1	6.0	6.9	10.6	5.0	4.0	0.5
Unspent allocations	-	-	-	-	322.5	3.3	-	-
Due from other funds	21.8	170.4	5.2	1.1	5.7	4.7	1.5	1.2
Capital assets	-	261.3	-	-	-	-	-	-
Other assets	43.7 h/	48.1	7.4	71.1 i/	97.2	37.9	5.3	-
Total assets	567.0	528.8	37.5	1 041.5	551.5	384.2	42.2	43.9

	General Fund	Other General Fund related activities b/	Projects of a multi-year nature c/	Peace-keeping missions d/	Technical co-operation activities	General trust funds	Special accounts for programme support costs	Funds held in-trust
Liabilities								
Accounts payable	29.0	-	0.3	339.3	76.7	1.5	1.0	1.5
Unliquidated obligations - current year	63.9	-	0.1	173.6	68.4	16.0	1.3	-
Unliquidated obligations - prior years	-	-	-	20.8	-	-	-	-
Commitment for future years	16.3	-	-	-	21.8	-	-	-
Due to Tax Equalization Fund	3.3	-	-	-	-	-	-	-
Due to other funds	189.8	4.4	2.4	8.8	2.5	2.0	1.6	0.1
Reserves	-	-	-	-	-	32.5	8.8	-
Bonds outstanding	-	-	-	-	-	-	-	-
Other liabilities	3.1	-	-	64.5	355.2	128.0	-	-
Total liabilities	305.4	4.4	2.8	607.0	524.6	180.0	12.7	1.6
Fund balance								
Balance available 1 January 1988	202.1	479.0	53.6	182.4 i/	25.1 o/	117.7 o/	19.0	30.9 o/
Add: Net excess of income over expenditure	26.1	18.6	3.5	262.1	1.8	122.4	11.6	11.0
Net transfer from reserves	(3.1)	-	-	-	-	(29.2)	(1.1)	0.4
Other credits (debits) to fund balance	36.5 k/	26.8 l/	(22.4) m/	(10.0) n/	-	(6.7)	-	-
Balance available 31 December 1989	261.6	524.4	34.7	434.5	26.9	204.2	29.5	42.3
Total liabilities and fund balance	567.0	528.8	37.5	1 041.5	551.5	384.2	42.2	43.9
Statements	I-III	IV VI VII VIII	V	IX-XVII	XVIII	XIX	XX	XXI

(Footnotes on following page)

(Footnotes to table)

a/ Comprising all funds covered by this financial report.

b/ Comprising Capital Assets Fund, Working Capital Fund, Special Account and Bonds Account.

c/ Comprising Construction-in-Progress Fund and Integrated Management Information System Fund (IMIS).

d/ Comprising United Nations Emergency Force (UNEF) 1956 and 1973, United Nations Disengagement Observer force (UNDOF), United Nations Interim Force in Lebanon (UNIFIL), United Nations Operation in the Congo (ONUC), United Nations Iran-Iraq Military Observer Group (UNIIMOG), United Nations Peace-keeping Force in Cyprus (UNFICYP), United Nations Angola Verification Mission (UNAVEM), United Nations Transition Assistance Group (UNTAG) and United Nations Observer Group in Central America (ONUCA).

e/ Includes assessed contributions unpaid irrespective of collectibility.

f/ The actual income other than staff assessment for the biennium 1988-1989 of $67.5 million less the revised estimates for the biennium of $65.0 million, resulted in a surplus of $2.5 million.

g/ Includes $31.3 million in respect of the regular programme of technical co-operation financed from section 24 of the regular budget. This amount is also included under the General Fund column.

h/ Includes $16.6 million unpaid assessed contribution held in a special account pursuant to General Assembly resolution 3049 C (XXVII).

i/ Includes $36.0 million in respect of UNEF (1973) and $19.6 million in respect of UNIFIL unpaid assessed contribution held in a special account pursuant to General Assembly resolution 36/116 A.

j/ Includes $60.5 million held in suspense for UNEF (1973) and $54.1 million held in suspense for UNIFIL pending a further decision by the General Assembly.

k/ Includes $15.9 million savings in liquidating prior years' obligations, $16.4 million decrease in 1988-1989 appropriation and $4.2 million increase in revised other income for 1988-1989.

l/ Includes $27.3 million transferred from the United Nations Construction-in-Progress Fund to the Capital Assets Fund, $3.4 million representing amortization of United Nations bonds in 1988 and ($3.9 million) transferred from the United Nations Special Account at the request of the donor to offset contributions in arrears to the United Nations regular budget.

m/ Includes transfers from the Construction-in-Progress Fund of $27.3 million to the Capital Assets Fund and $0.5 million miscellaneous income to the United Nations General Fund, less allotments totalling $5.4 million transferred from the United Nations General Fund, programme support costs and peace-keeping activities towards the funding of the integrated management-information system.

(Footnotes to table) (continued)

n/ Represents reversal of ($23.6 million) comprising excess of income over expenditures as at 1 January 1988 in respect of mandate in progress at that time for UNEF/UNDOF ($16.1 million) and UNIFIL ($7.5 million) offset by savings in liquidating obligations of prior periods of $0.2 million for UNEF/UNDOF and $13.4 million for UNIFIL.

o/ The balance available at 1 January 1988 has been adjusted to reflect the transfer of $1.1 million to Technical Co-operation Trust Fund, resulting from the restructuring of UNDRO Trust Fund activities.

p/ The balance available at 1 January 1988 has been adjusted to include balance of $0.3 million for the Medical Insurance Plan.

q/ Contains an element of double counting. See annex II below.

ANNEX II

Technical annex

1. The present annex contains (a) a note on double counting in the financial statements; (b) further information concerning certain funds and accounts closely related to the General Fund; and (c) information which the Secretary-General is required to report concerning contributions to the regular budget in currencies other than United States dollars, losses of cash and receivables, losses of property and ex-gratia payments.

Note on double counting

2. The financial statements contain three instances of double counting, as follows:

(a) Expenditures relating to the regular programme of technical co-operation, amounting to $31.3 million, are shown in the financial statements under both statement I (regular budget appropriations) and statement XVIII (technical co-operation activities). For the purposes of the financial report, they are shown only once (as regular budget) in the table of overall expenditures in figure 1. However, for the sake of completeness, these costs are included in the discussion of technical co-operation activities contained in paragraph 24.

(b) Statements X (UNEF (1973)/UNDOF) and XI (UNIFIL) contain a complete accounting for income and expenditures of mandate periods that were already in progress at 1 January 1988, the first day of the biennium 1988-1989. This means that certain financial activity which took place in the biennium 1986-1987 is recorded again in the financial statements for 1988-1989. The financial report contains adjusted figures eliminating this double counting.

(c) The special accounts for programme support costs derive their income in part from levies made on trust funds and technical co-operation accounts. The traditional rate of these levies (also known as overheads) is 13 per cent. Financial statements XVIII (technical co-operation) and XIX (general trust funds) both show expenditures under the heading of programme support costs which actually relate to amounts transferred to the special account for programme support costs (statement XX), where they appear as income. For the purposes of the financial report, programme support cost expenditures are shown under that heading and are not also reflected as expenditures under technical co-operation or trust funds, thereby eliminating double counting.

3. The double counting which is eliminated for the purposes of the text and figures contained in the present report, is present in the financial statements and also in the all funds statement contained in annex I.

Certain funds and accounts closely related to the General Fund

4. This section of the annex provides additional information in respect of the following funds and accounts:

(a) Tax Equalization Fund: This fund was created under the provisions of General Assembly resolution 973 (X) of 15 December 1955. Revenue from the staff assessment plan in respect of staff members financed under the regular budget and assessed peace-keeping operations is credited first to the Tax Equalization Fund. Member States that do not levy taxes on United Nations income of their nationals working for the Organization are credited with a proportionate share of the Tax Equalization Fund as an offset against their assessments. Member States that levy income taxes on their nationals working for the Organization do not receive this credit. Instead, their share of the Fund is utilized to reimburse staff for taxes they have had to pay on their United Nations income. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed from the resources of the extrabudgetary fund concerned. The accounts of the Tax Equalization Fund may be found in schedule 3.2.

(b) Capital Assets Fund: Statement IV reflects the total cost of the land and buildings of the Organization, details of which are contained in a supporting footnote.

(c) Projects of a multi-year nature: Statement V shows the status of construction-in-progress accounts for current projects at Addis Ababa and Bangkok and projects completed during the biennium at Nairobi and Santiago. It also reflects the costs incurred to date in respect of the integrated management information system.

(d) Working Capital Fund: The accounts of the Working Capital Fund may be found in statement VI. In accordance with General Assembly resolution 42/228 of 21 December 1987, the Working Capital Fund was established in the amount of $100 million for the biennium 1988-1989. At 31 December 1989, the Working Capital Fund has advanced $99.2 million to the General Fund. This advance will be repaid when the liquidity position of the General Fund is improved. The remaining balance of the Working Capital Fund ($0.8 million) is not available in cash.

(e) United Nations Special Account: Consistent with the provisions of General Assembly resolutions 2053 A (XX) of 15 December 1965 and 3049 A (XXVII) of 19 December 1972, the Special Account has received voluntary contributions from Member States and private donors in order to overcome the financial difficulties of the United Nations and to resolve the Organization's short-term deficit. Statement VII shows that, by 31 December 1989, the principal of the fund stood at $123.5 million, including accumulated interest. Of this amount, $3.6 million has been advanced to UNEF (1956) and ONUC, $71.2 million is currently advanced to the General Fund, and $48.6 million is available in cash. The short-term investments comprising this cash balance are listed in schedule 7.2.

(f) The Special Account for the sale of United Nations bonds: This account was opened as a result of General Assembly resolution 1739 (XVI) of 20 December 1961. Under the terms of the resolution the Secretary-General was authorized to issue bonds up to a total of $200 million, utilizing the proceeds of sale for purposes normally associated with the Working Capital Fund. He was also requested to include in the regular budget an amount sufficient to pay interest and instalments of principal, in accordance with the terms of the issue. A total of $169.9 million was realized from the sale of bonds and utilized for UNEF (1956) and ONUC. As may be seen from statement VIII, the last payments of principal and interest were made to bond holders in the biennium 1988-1989, and the bond issue is now fully amortized.

Information which the Secretary-General is required to report

Contributions to the regular budget received in currencies other than United States dollars

5. As in previous biennia, the Secretary-General was empowered by the General Assembly by its resolution 40/248 of 18 December 1985 to accept, for the calendar years 1986, 1987 and 1988, a portion of the contributions of Member States in currencies other than United States dollars. A similar provision in respect of 1989 was contained in Assembly resolution 43/223. Accordingly, based on actual United Nations requirements in various currencies, the following payments in such currencies were accepted in respect of the biennia 1988-1989 and 1986-1987:

	1988-1989	1986-1987
	(United States dollar equivalent)	
Austrian shillings	5 528 347	-
Barbados dollars	147 121	142 497
CFA francs	121 966	-
Egyptian pounds	740 817	1 168 357
Ethiopian birr	135 815	122 105
German marks	120 331	183 901
Guyanese dollars	3 356	225 320
Indian rupees	601 900	179 727
Iraqi dinars	1 735 354	1 709 524
Israeli shekels	3 105 335	3 010 416
Pakistan rupees	897 298	832 392
Portuguese escudos	200 000	35 000
Pounds sterling	-	259 877
Sierra Leone leones	-	368
Syrian pounds	1 052 399	106 070
Trinidad and Tobago dollars	375 406	277 778
Union of Soviet Socialist Republics roubles	7 291 700	3 980 000
	22 057 145	12 233 332

Write-off of losses of cash and receivables

6. In accordance with financial rule 110.14, the Controller or, where required, the Secretary-General, after full investigation, approved the write-off, on a case-by-case basis, of balances in amounts ranging from $11 to $41,343. The write-offs for the biennium 1988-1989 amounted to $184,255. The write-offs for the biennium 1986-1987 amounted to $841,873. In each case, it was determined, in the light of the facts known at the time, that (a) the responsibility for the loss could not be fixed and attached to any official of the United Nations, (b) every effort had been made to collect the amount and (c) further collection efforts would be fruitless. An analysis of those write-offs by activity is as follows:

	United States dollars	
	1988-1989	1986-1987
General Fund and related activities	122 408	440 560
Peace-keeping activities	2 791	58 204
Technical co-operation activities	12 321	128 109
General trust funds	46 735	215 000
Total	184 255	841 873

Write-off of losses of property

7. Property losses at Headquarters and offices away from Headquarters amounting to $2,704,979 were written off during the biennium 1988-1989, in accordance with financial rule 110.15. As a consequence, those write-offs brought the balance of the property to the same level as that shown by the property records in line with the actual quantities. The details of the amounts were reported to the Board of Auditors in accordance with the provisions of financial rule 110.10 (b).

Ex-gratia payments

8. Four ex-gratia payments totalling $53,350 were made in accordance with financial regulation 10.3 during the biennium 1988-1989. Details of these ex-gratia payments were provided to the Board of Auditors.

ANNEX III

United Nations General Fund, Working Capital Fund and special accounts

Changes in financial position for the biennium 1988-1989 ending 31 December 1989

(Millions of United States dollars)

		1989	1987
Sources of funds:			
Unobligated balance of appropriations	(Statement I)	23.6	129.1
Excess of income over revised estimates	(Statement II)	2.5	9.9
Savings in liquidation of prior years' obligations	(Statement II)	15.9	10.7
Amount to be transferred as credits amounts Member States contributions in 1990	(Statement III)	20.6	-
Amount transferred as credits against Member States' contributions for 1989	(Statement II)	(3.1)	-
Funding of revised budgets for prior biennia	(Statement III)	-	4.4
Increase in Special Account:			
Voluntary contributions	(Statement VII)	(3.9) a/	10.0
Interest income	(Statement VII)	18.4	12.0
Total funds provided		74.0	176.1
Application of funds:			
Increase in assessed contributions unpaid	(Statement III)	107.9	110.9
Unrecorded expenditures for prior years	(Statement III)	-	2.5
Total funds used		107.9	113.4
Subtotal		(33.9)	62.7
Net increase/decrease in other assets/liabilities			
(Increase) decrease in receivables		(18.3)	12.2
Increase (decrease) in deferred income		(13.5)	13.2
Increase (decrease) in other liabilities		46.6	(30.5)
Increase in cash and investments		(19.1)	57.6
Cash and investments at beginning of biennium 1 January 1988		66.3	8.7
Cash and investments at 31 December 1989		47.2	66.3

a/ France's contribution was applied to assessed contributions of the United Nations regular budget.